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December 17, 2003

Ex Parte

Ms. Marlene H. Dortch
Secretary
445 12th Street, SW
Washington, DC 20554

Re: A&T Petition for Rulemaking to Reform Regulation for Incumbent Local Exchange
Carrier Rates for Interstate Special Access Services, RM No. 10593

Dear Ms. Dortch:

Yesterday, Michelle Sclater of SBC, John Kure of Qwest, Glenn Reynolds of BellSouth, and Dennis Weller, Fred Moacdieh and Joe Mulieri of Verizon met with Tamara Preiss, Deena Shetler, Carol Canteen, Andy Mulitz, Gene Gold, Steve Funkhouser, RL Smith, Vienna Jordan, Jim Litchford, and Rodger Citron to discuss matters associated with the study submitted by members of the Special Access Reform Coalition (SPARC) in the above referenced proceeding on June 12, 2003.

The presentation focused on major rebuttal points to the allegations put forth by SPARC. Specifically, SPARC arbitrarily assumes that RBOC interstate special access prices are not at a market level. The only support presented is based on rate-of-return computations, which are neither accurate nor relevant. In fact, the evidence demonstrates that BOC interstate special access rates are reasonable and at market based levels.

Further, there are several problems with the SPARC study. For example, the demand model ignores the effect of the increased cost associated with increasing the output of special access demand. The model fails to account for the impacts on special access demand of the growth of the economy during the 1990s and the Internet. SPARC also ignores the impact on the supply of special access and the harmful effect of the proposed price reduction on non-RBOC special access providers.

SPARC also misuses the inputs to the macro economic model by applying an arbitrary price reduction to a macro economic model and by injecting an investment change that should be computed endogenously by the model.

As such, the arbitrary and inappropriate price reduction put forth by SPARC, compounded by the problematic misuse of the macro economic model, would not produce the alleged benefits to the economy. The impact of the price reduction would indeed be harmful to the economy.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Joseph Mulieri

cc: Tamara Preiss
Deena Shetler
Carol Canteen
Andy Mulitz
Gene Gold
Steve Funkhouser
RL Smith
Vienna Jordan
Jim Litchford
Rodger Citron
Michelle Sclater
John Kure
Glenn Reynolds

Sincerely,